



United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

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Item 9 of the provisional agenda

GUIDELINES FOR SPECIAL TRUST FUND PROJECTS

Report by the Director-General

Summary

Reports on changes in procedures for development and appraisal of special trust fund projects, as requested by the Board.

1. In its decision IDB.10/Dec.14, the Industrial Development Board requested the Director-General, inter alia, to ensure the consistent application of Conference resolution GC.4/Res.28, Conference decision GC.4/Dec.11 and Board decision IDB.9/Dec.7, as well as to make the necessary changes in the Director-General's bulletin UNIDO/DG/B.73/Rev.1. It further requested the revision of document IDB.10/15 and the proposed additions to the guidelines for special trust fund projects. It also stipulated that only those trust fund projects that are compatible with the above resolution and decisions should be formulated and implemented. The contents of the present document are to be seen as a substantive revision to document IDB.10/15.

2. Board decision IDB.10/Dec.14 stems from the wish of Member States to ensure high quality of UNIDO activities and the need for adherence to advice provided through the appraisal process. As those concerns relate to some of the formulations in bulletin UNIDO/DG/B.73/Rev.1 and the presentation of appraisal statistics on trust fund projects, the Director-General has further amended UNIDO/DG/B.73/Rev.1 in order to ensure strict compliance with the decisions and resolutions of the Conference and the Board.

3. Director-General's bulletin UNIDO/DG/B.73/Rev.1 is being amended as follows:

(a) Paragraph 6, line 1 - The word "inform" has been deleted and the words "consult and coordinate with" inserted and in the second line "of" has been replaced by "on".

(b) Paragraph 7, line 2 - The words "if necessary" have been deleted in order to comply with Conference decision GC.4/Dec.11, paragraphs (d) and (e).

(c) Paragraph 9, line 1 - The words "with a value of more than 200,000 United States dollars" have been deleted, thus ensuring that all trust fund projects are subjected to the appraisal process and in compliance with Board decision IDB.9/Dec.7, paragraph (k)(viii).

4. As indicated in paragraph 7 of resolution GC.4/Res.28, all special trust fund projects are to be approved by the Director-General. Since all such projects are now covered by the appraisal process in addition to being subject to clearance by the Legal Office and by Financial Services, the delegation of approval authority currently established in paragraph 17 of bulletin UNIDO/DG/B.73/Rev.1 could be maintained, it being understood that such delegation is exercised under the overall authority and responsibility of the Director-General. It should be noted, however, that the existing approval procedures are currently being reviewed and that the outcome of this review may lead to revised administrative instructions.

5. The need for adapting appraisal tools for most self-financed trust fund projects was underscored in paragraph 5 of document IDB.10/15. The reasons were explained by the Secretariat's reply during the tenth session of the Board (IDB.10/SR.4, para. 3). Work relating to adaptation of appraisal tools will commence through internal redeployment of resources, hence no

additional resources are being requested. It should be added that adaptation of appraisal tools does not mean that the quality criteria defined in the annex to document GC.4/28 are being amended or revised.

6. During the period July 1992 to 28 February 1993, 12 special trust fund projects were submitted for appraisal (four self-financed and eight third-party financed). Three projects (one self-financed and two third-party financed) were withdrawn and of the remaining nine projects appraisal memoranda were issued for eight and written observations were submitted for one project. Of those nine projects, six were approved (three self-financed and three third-party financed), all of which satisfied

quality standards. Of the three projects (all third-party financed) not approved, one did not meet quality standards and for the remaining two projects existing appraisal criteria could not be fully applied.

ACTION REQUIRED BY THE BOARD

7. In light of the information contained in the present document the Board may wish to consider recommending to the General Conference the approval of the additions to the guidelines proposed in paragraphs 11 (a) and (b) of document IDB.10/15 in the context of the amendments to bulletin UNIDO/DG/B.73/Rev.1.